Law 381/1991 on Social Cooperatives*

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LAW 381/1991 ON SOCIAL COOPERATIVES

Law of 8 November 1991, n. 381

The Chamber of Deputies and the Senate of the Republic have approved; THE PRESIDENT OF THE REPUBLIC PROMULGATES the following law:

Art. 1. Definition

1. Social cooperatives have the purpose of pursuing the general interest of the community[a] in the human promotion and social integration of citizens through:
    a) the management of socio-health and educational services, including the activities referred to in Article 2, paragraph 1, letters a), b), c), d), l), and p), of Legislative Decree 3 July 2017, n. 112[b];
    b) the conduct of diverse activities – agricultural, industrial, commercial, or service-based – aimed at the work integration of disadvantaged persons[c].
2. The regulations governing the sector in which the cooperatives themselves operate apply to social cooperatives, insofar as they are compatible with the present law.
3. The corporate name (*denominazione sociale*), however formed, must contain the designation 'social cooperative'.

Art. 2. Volunteer Members

1. In addition to the members provided for by current regulations, the statutes of social cooperatives may provide for the presence of volunteer members[d] who perform their activity gratuitously.

[a] **Translator's Note**: The concept of *interesse generale* marks a fundamental juridical shift from traditional cooperative law. While standard cooperatives are bound to serve the 'mutual interest' of their members (e.g. cheaper goods, better wages), Law 381 mandates that Social Cooperatives serve the wider community. This legal innovation aligns with the Civil Law concept of *Intérêt Collectif* (Collective Interest), effectively creating a private enterprise with a public purpose.

[b] **Translator's Note**: Legislative Decree 3 July 2017, n. 112 (*Revisione della disciplina in materia di impresa sociale*) is Italy's Social Enterprise Code, enacted as part of the 2017 Third Sector Reform. The cross-referenced clauses in Article 2, paragraph 1, authorise 'Type A' social cooperatives to manage: (a) social interventions and services; (b) healthcare interventions and services; (c) socio-medical services (*prestazioni socio-sanitarie*); (d) education, instruction, and vocational training; (l) extra-curricular training aimed at preventing school drop-out and promoting educational success; and (p) social housing (*alloggio sociale*).

[c] **Translator's Note**: This defines the specific mission of 'Type B' social cooperatives (WISEs – Work Integration Social Enterprises). Unlike 'Type A' cooperatives, which deliver social, health, and educational services, Type B cooperatives engage in any market activity (from agriculture to manufacturing) provided their workforce comprises at least 30% disadvantaged persons.

[d] **Translator's Note**: This provision introduces a unique multi-stakeholder governance model. Unlike traditional volunteers who are external to the organisation, *soci volontari* are voting members of the cooperative assembly. They contribute labour without remuneration but share in decision-making power, ensuring that the community interest is represented alongside the interests of paid workers.

2. Volunteer members are recorded in a specific section of the register of members. Their number may not exceed half of the total number of members.
3. Collective agreements and statutory norms regarding subordinate and self-employed labour do not apply to volunteer members, with the exception of norms regarding insurance against workplace accidents and occupational diseases. The Minister of Labour and Social Security, by decree, determines the amount of remuneration to be assumed as the basis for the calculation of insurance premiums and related benefits.
4. Volunteer members may be paid only the reimbursement of expenses actually incurred and documented, on the basis of parameters established by the social cooperative for the entirety of its members.
5. In the management of services referred to in Article 1, paragraph 1, letter a), to be carried out in performance of contracts entered into with public administrations, the services of volunteer members may be utilised in a complementary and non-substitutive manner with respect to the employment parameters for professional operators provided for by current provisions. The services of volunteer members do not contribute to the determination of service costs, with the exception of the charges connected to the application of paragraphs 3 and 4.

Art. 3. Obligations and Prohibitions

1. The clauses relating to the mutualist requirements[e] referred to in Article 26 of the Legislative Decree of the Provisional Head of State of 14 December 1947, n. 1577, ratified, with amendments, by the Law of 2 April 1951, n. 302, and subsequent amendments, apply to social cooperatives.
2. Any statutory amendment directed at eliminating the character of a social cooperative entails removal from the 'social cooperation section' provided for by the second paragraph of Article 13 of the cited Legislative Decree of the Provisional Head of State of 14 December 1947, n. 1577[f], as amended by Article 6, paragraph 1, letter c), of the present law, as well as removal from the regional register referred to in Article 9, paragraph 1, of the present law.

[e] **Translator's Note**: Refers to the foundational capital constraints codified in Article 26 of the 1947 Basevi Law (*Decreto legislativo del Capo provvisorio dello Stato* 14 December 1947, n. 1577, ratified by Law 2 April 1951, n. 302, and subsequently incorporated into Article 2514 of the Italian Civil Code). Article 26 establishes the statutory triad of Italian cooperative mutuality (*requisiti mutualistici*): (1) a strict cap on the remuneration of member share capital; (2) the absolute prohibition against distributing indivisible reserves (*riserve indivisibili*) among members during the life of the cooperative; and (3) the mandatory devolution of the entire residual net assets (barring only paid-in capital and any accrued dividends) to mutualist development funds upon dissolution. (Notably, legacy English translations of Law 381 from the 1990s mistranslated *requisiti mutualistici* as 'health insurance requirements', confusing cooperative mutuality with a *mutua* health fund).

[f] **Translator's Note**: Article 13 of the 1947 Basevi Law instituted the General Register of Cooperatives (*Registro prefettizio delle cooperative*, later reorganised into the National Register of Cooperative Societies – *Albo nazionale delle società cooperative* – and the Single National Register of the Third Sector, *RUNTS*), divided into specialised sectoral sections.

3. For social cooperatives, the ordinary inspections provided for by Article 2 of the cited Legislative Decree of the Provisional Head of State of 14 December 1947, n. 1577[g], must take place at least once a year.

Art. 4. Disadvantaged Persons

1. In cooperatives that carry out the activities referred to in Article 1, paragraph 1, letter b), the following are considered disadvantaged persons: persons with physical, psychiatric, and sensory disabilities; former patients of psychiatric hospitals, including judicial ones; persons undergoing psychiatric treatment; drug addicts; alcoholics; minors of working age in situations of family difficulty; persons detained or interned in penitentiary institutes; and convicts and internees admitted to alternative measures to detention and to external work pursuant to Article 21 of the Law of 26 July 1975, n. 354[h], and subsequent amendments. Furthermore, persons indicated by decree of the President of the Council of Ministers, on the proposal of the Minister of Labour and Social Security, in concert with the Minister of Health, the Minister of the Interior, and the Minister for Social Affairs, having heard the Central Commission for Cooperatives instituted by Article 18 of the cited Legislative Decree of the Provisional Head of State of 14 December 1947, n. 1577[i], and subsequent amendments, are considered disadvantaged persons.

2. The disadvantaged persons referred to in paragraph 1 must constitute at least thirty per cent of the workers of the cooperative and, compatibly with their personal condition, be members of the cooperative itself. The status of disadvantaged person must be evidenced by documentation issued by the public administration, without prejudice to the right to confidentiality.

3. The total contribution rates for mandatory social security and welfare insurance owed by social cooperatives in respect of the remuneration paid to the disadvantaged persons referred to in this article, with the exception of the persons referred to in paragraph 3-bis, are reduced to zero.

3-bis. The rates referred to in paragraph 3, owed by social cooperatives in respect of the remuneration paid to persons detained or interned in penitentiary institutes, to former patients of judicial psychiatric hospitals, and to convicted and interned persons admitted to external work pursuant to Article 21 of the Law of 26 July 1975, n. 354, and subsequent

[g] **Translator's Note**: Under Article 2 of the Basevi Law, ordinary cooperative inspections (*ispezioni ordinarie*) are statutory audits conducted by the Ministry of Labour or recognised national cooperative federations (such as *Legacoop* or *Confcooperative*) to verify compliance with mutualist requirements and democratic governance. While ordinary cooperatives are inspected biennially, Article 3, paragraph 3, subjects social cooperatives to mandatory annual inspection.

[h] **Translator's Note**: Law 26 July 1975, n. 354 (*Norme sull'ordinamento penitenziario e sulla esecuzione delle misure privative e limitative della libertà*) is Italy's Penitentiary Act. Article 21 (*Lavoro all'esterno*) governs work-release programmes, authorising prison administrations to admit detainees and internees to work outside penitentiary walls for public or private enterprises – and specifically social cooperatives – under rehabilitative supervision.

[i] **Translator's Note**: Instituted under Article 18 of the 1947 Basevi Law at the Ministry of Labour, the Central Commission for Cooperatives (*Commissione centrale per le cooperative*) is the national consultative body comprising ministerial officials and elected representatives of Italy's recognised national cooperative confederations.

amendments, are reduced by the percentage rate determined every two years by decree of the Minister of Justice, in concert with the Minister of the Treasury, the Budget, and Economic Planning. The contribution relief referred to in the present paragraph applies for a period following the cessation of the state of detention of eighteen months for detainees and internees who have benefited from alternative measures to detention or from external work pursuant to Article 21 of the Law of 26 July 1975, n. 354, and subsequent amendments, and of twenty-four months for detainees and internees who have not benefited from them.[j]

Art. 5. Conventions

1. Public bodies, including economic ones, and joint-stock companies with public participation, even in derogation from the rules governing public administration contracts, may enter into conventions[k] with cooperatives that carry out the activities referred to in Article 1, paragraph 1, letter b), or with analogous organisations headquartered in other Member States of the European Community, for the supply of goods and services other than socio-health and educational ones, the estimated value of which net of VAT is lower than the thresholds established by Community directives on public procurement, provided that such conventions are aimed at creating work opportunities for the disadvantaged persons referred to in Article 4, paragraph 1. The conventions referred to in the present paragraph are entered into following the conduct of selection procedures suitable to ensure compliance with the principles of transparency, non-discrimination, and efficiency.

2. For the conclusion of the conventions referred to in paragraph 1, social cooperatives must be registered in the regional register referred to in Article 9, paragraph 1. Analogous organisations headquartered in other Member States of the European Community must possess requirements equivalent to those required for registration in such register and be entered in the regional lists referred to in paragraph 3, or demonstrate possession of those requirements through suitable documentation.

3. The regions publish annually, in the Official Journal of the European Communities, the requirements and conditions necessary for entering into conventions pursuant to paragraph 1, as well as the regional lists of organisations that have demonstrated possession of them to the competent regional authorities.

4. For the supply of goods or services other than socio-health and educational ones, the estimated value of which net of VAT is equal to or greater than the thresholds established

[j] **Translator's Note**: Paragraph 3-bis was inserted by the *Legge Smuraglia* (Law 22 June 2000, n. 193, *Norme per favorire l'attività lavorativa dei detenuti*), which expanded tax credits and social-security contribution relief for social cooperatives and enterprises employing incarcerated or formerly incarcerated persons. (By Article 8, paragraph 1, of Decree-Law 23 December 2013, n. 146, converted by Law 21 February 2014, n. 10, the statutory deadline for the biennial inter-ministerial decrees determining these percentage reductions was extended and aligned with the resources allocated under Article 1, paragraph 270, of Law 24 December 2012, n. 228).

[k] **Translator's Note**: In Italian administrative law, a *convenzione* (public contracting agreement) under Article 5 of Law 381/1991 allows municipalities and public agencies to contract directly with Type B work-integration social cooperatives below EU procurement thresholds without running a standard lowest-price commercial tender, recognising work integration of disadvantaged citizens as a public-interest outcome.

by Community directives on public procurement, public bodies, including economic ones, as well as joint-stock companies with public participation, may insert in call-for-tender notices and tender specifications, among the conditions of performance, the obligation to perform the contract through the employment of the disadvantaged persons referred to in Article 4, paragraph 1, and through the adoption of specific recovery and work-integration programmes. Verification of the capacity to fulfil the aforesaid obligations, to be conducted on the basis of the present law, may not take place during the tender procedure and in any case prior to the award of the contract.

Art. 6. Amendments to Legislative Decree n. 1577/1947

1. To the cited Legislative Decree of the Provisional Head of State of 14 December 1947, n. 1577, the following amendments are made:
   a) at Article 10, the following paragraph is added at the end: 'If the inspection concerns social cooperatives, a copy of the report must be transmitted, by the Ministry of Labour and Social Security, within forty days from the date of the report itself, to the region in whose territory the cooperative has its registered office';
   b) at Article 11, the following paragraph is added at the end: 'For social cooperatives, the measures referred to in the second paragraph are ordered after hearing the opinion of the body competent in matters of cooperation of the region in whose territory the cooperative has its registered office';
   c) at the second paragraph of Article 13, the words: 'Social cooperation section' are added at the end;
   d) at Article 13, the following paragraph is added at the end: 'In addition to the section specifically provided for them, social cooperatives are registered in the section to which the activity carried out by them directly pertains'.

Art. 7. Tax Regime

1. To transfers of property by succession or donation in favour of social cooperatives, the provisions of Article 3 of the Decree of the President of the Republic of 26 October 1972, n. 637, apply.[1]

2. Social cooperatives enjoy a reduction to one quarter of the cadastral and mortgage taxes owed following the conclusion of loan, purchase, or lease contracts relating to real estate designated for the exercise of their social activity.

[1] **Translator's Note**: Article 3 of Presidential Decree 26 October 1972, n. 637 (Italy's Inheritance and Gift Tax Decree, subsequently replaced by Article 3 of Legislative Decree 31 October 1990, n. 346) exempts transfers of property by succession or donation in favour of public-utility and social-purpose entities from inheritance and gift tax. Under Italy's tax-code consolidation reform (Legislative Decree 1 August 2025, n. 123, *Testo unico delle disposizioni legislative in materia di imposta di registro e di altri tributi indiretti*), the indirect-tax exemptions in paragraphs 1 and 2 of Article 7 are scheduled to be consolidated directly into the unified indirect-tax code.

3. To Table A, Part II, of the Decree of the President of the Republic of 26 October 1972, n. 633[m], and subsequent amendments, the following item is added: '41-bis) services of a socio-health and educational nature rendered by social cooperatives'.

Art. 8. Consortia

1. The provisions of the present law apply to consortia constituted as cooperative societies having a membership base formed to an extent of no less than seventy per cent by social cooperatives.

Art. 9. Regional Legislation

1. Within one year from the date of entry into force of the present law, the regions shall issue the implementing regulations. To this end, they shall institute the regional register of social cooperatives and determine the procedures for coordination with the operation of socio-health services, as well as with vocational training and employment development activities.
2. The regions shall adopt model conventions for relations between social cooperatives and public administrations operating within the region, providing, in particular, for the professional qualification requirements of operators and the application of current collective bargaining norms.
3. The regions shall also issue regulations aimed at the promotion, support, and development of social cooperation. The financial charges arising from the support measures established by the regions shall be borne by the ordinary budgetary resources of the regions themselves.

Art. 10. Participation in Social Cooperatives of Persons Performing Assistance and Consultancy Activities

1. The provisions of the Law of 23 November 1939, n. 1815[n], do not apply to cooperatives instituted pursuant to the present law.

[m] **Translator's Note**: Presidential Decree 26 October 1972, n. 633 (*Istituzione e disciplina dell'imposta sul valore aggiunto*) is Italy's foundational Value Added Tax (VAT) statute. Table A, Part II lists essential goods and services subject to Italy's super-reduced social VAT rate (historically 4%, and 5% for socio-health and educational services rendered by social cooperatives following the 2016 Stability Law).

[n] **Translator's Note**: Law 23 November 1939, n. 1815 (*Disciplina giuridica degli studi di assistenza e di consulenza*) was an interwar statute that prohibited licensed professionals (such as doctors, psychologists, lawyers, and social workers) from forming corporate or cooperative entities to deliver professional services, restricting them to personal partnerships (*studi associati*). By exempting social cooperatives from Law 1815/1939 (which was later repealed altogether by Law 183/2011), Article 10 enabled licensed healthcare, psychological, and social-work professionals to join Type A social cooperatives as worker-members.

Art. 11. Participation of Legal Persons

1. Public or private legal persons[o] whose statutes provide for the financing and development of the activities of such cooperatives may be admitted as members of social cooperatives.

Art. 12. Transitional Provisions

1. Social cooperatives already constituted on the date of entry into force of the present law must conform within two years from that date to the provisions established herein.
2. Resolutions to amend deeds of incorporation to conform to the provisions of the present law may, by way of derogation from the provisions of Articles 2365 and 2375, second paragraph, of the Civil Code[p], be adopted under the procedures and by the majority of the ordinary assembly established by the deed of incorporation.

The present law, bearing the seal of the State, shall be inserted in the Official Collection of Normative Acts of the Italian Republic. It is obligatory for all to whom it pertains to observe it and to cause it to be observed as a law of the State.

Given in Rome, on 8 November 1991

COSSIGA ANDREOTTI, *President of the Council of Ministers Seen, the Keeper of the Seals:* **MARTELLI**

[o] **Translator's Note**: By allowing public or private legal entities (*persone giuridiche*) to become members, the law formalises the 'Multi-Stakeholder' nature of the Social Cooperative. This permits a governance structure where workers, beneficiaries, volunteers, and funding institutions (such as municipalities or foundations) can all sit on the same Board, co-constructing public welfare rather than operating through a simple procurement relationship.

[p] **Translator's Note**: Under the Italian Civil Code (*Regio Decreto* 16 March 1942, n. 262), Article 2365 requires an Extraordinary General Meeting (with heightened supermajority quorums) to amend a company's deed of incorporation (*atto costitutivo*), and Article 2375, second paragraph, requires the minutes of an extraordinary assembly to be drawn up by a public notary (*notaio*). By derogating from both provisions during the two-year transition window, Article 12, paragraph 2, allowed existing cooperatives to amend their statutes into social cooperatives by a simple ordinary-assembly majority without incurring notarial costs.